

## **Balance Sheet Chart of Accounts**

### **ASSETS AND OTHER DEBITS**

#### **1. UTILITY PLANT**

- 101 Gas plant in service.
- 101.1 Property under capital leases.
- 102 Gas plant purchased or sold.
- 103 Experimental gas plant unclassified (Major only).
- 103.1 Gas plant in process of reclassification (Nonmajor only).
- 104 Gas plant leased to others.
- 105 Gas plant held for future use.
- 105.1 Production properties held for future use (Major only).
- 106 Completed construction not classified--Gas (Major only).
- 107 Construction work in progress--Gas.
- 108 Accumulated provision for depreciation of gas utility plant (Major only).
- 109 Accumulated provision for depreciation of property held for future use.
- 110 Accumulated provision for depreciation, depletion, and amortization of gas utility plant (Nonmajor only).
- 111 Accumulated provision for amortization and depletion of gas utility plant (Major only).
- 111.1--111.2 [Reserved]
- 112 [Reserved]
- 113 Accumulated provision for amortization of other property held for future use.
- 114 Gas plant acquisition adjustments.
- 115 Accumulated provision for amortization of gas plant acquisition adjustments (Major only).
- 116 Other gas plant adjustments.
- 117 Gas stored underground - Noncurrent (Major only).
- 118 Other utility plant.
- 119 Accumulated provision for depreciation and amortization of other utility plant.

#### **2. OTHER PROPERTY AND INVESTMENTS**

- 121 Nonutility property.
- 122 Accumulated provision for depreciation and amortization of nonutility property.
- 123 Investment in associated companies (Major only).
- 123.1 Investment in subsidiary companies (Major only).
- 124 Other investments.
- 125 Sinking funds (Major only).
- 126 Depreciation fund (Major only).
- 128 Other special funds (Major only).
- 129 Special funds (Nonmajor only).

#### **3. CURRENT AND ACCRUED ASSETS**

130 Cash and working funds (Nonmajor only).  
131 Cash (Major only).  
132 Interest special deposits (Major only).  
133 Dividend special deposits (Major only).  
134 Other special deposits (Major only).  
135 Working funds (Major only).  
136 Temporary cash investments.  
141 Notes receivable.  
142 Customer accounts receivable.  
143 Other accounts receivable.  
144 Accumulated provision for uncollectible accounts--Cr.  
145 Notes receivable from associated companies.  
146 Accounts receivable from associated companies.  
151 Fuel stock (Major only).  
152 Fuel stock expenses undistributed (Major only).  
153 Residuals and extracted products (Major only).  
154 Plant materials and operating supplies (Major only).  
155 Merchandise (Major only).  
156 Other materials and supplies (Major only).  
163 Stores expense undistributed (Major only).  
164.1 Gas stored underground--current.  
164.11 Commodity storage fees (Major only).  
164.12 Commodity injection fees (Major only).  
164.14 Other storage fees (Major only).  
164.16 Stored gas withdrawn or forfeited - Cr. (Major only).  
164.2 Liquefied natural gas stored.  
164.3 Liquefied natural gas held for processing (Major only).  
164.33 Gas commodity costs transferred to storage (Major only).  
164.53 Gas transmission expenses transferred to storage (Major only).  
165 Prepayments.  
166 Advances for gas exploration, development, and production (Major only).  
167 Other advances for gas (Major only).  
171 Interest and dividends receivable (Major only).  
172 Rents receivable (Major only).  
173 Accrued utility revenues (Major only).  
174 Miscellaneous current and accrued assets.

#### 4. DEFERRED DEBITS

181 Unamortized debt expense.  
182.1 Extraordinary property losses.  
182.2 Unrecovered plant and regulatory study costs.  
183.1 Preliminary natural gas survey and investigation charges (Major only).  
183.2 Other preliminary survey and investigation charges (Major only).  
184 Clearing accounts (Major only).  
185 Temporary facilities (Major only).

- 186 Miscellaneous deferred debits.
- 187 [Reserved]
- 188 Research, development, and demonstration expenditures (Major only).
- 189 Unamortized loss on reacquired debt.
- 190 Accumulated deferred income taxes.
- 191 Unrecovered purchased gas costs.

## LIABILITIES AND OTHER CREDIT

### 5. PROPRIETARY CAPITAL

- 201 Common stock issued.
- 202 Common stock subscribed (Major only).
- 203 Common stock liability for conversion (Major only).
- 204 Preferred stock issued.
- 205 Preferred stock subscribed (Major only).
- 206 Preferred stock liability for conversion (Major only).
- 207 Premium on capital stock (Major only).
- 208 Donations received from stockholders (Major only).
- 209 Reduction in par or stated value of capital stock (Major only).
- 210 Gain on resale or cancellation of reacquired capital stock (Major only).
- 211 Miscellaneous paid-in capital.
- 212 Installments received on capital stock.
- 213 Discount on capital stock.
- 214 Capital stock expense.
- 215 Appropriated retained earnings.
- 216 Unappropriated retained earnings.
- 216.1 Unappropriated undistributed subsidiary earnings (Major only).
- 217 Reacquired capital stock.
- 218 Noncorporate proprietorship (Nonmajor only).

### 6. LONG-TERM DEBT

- 221 Bonds.
- 222 Reacquired bonds (Major only).
- 223 Advances from associated companies.
- 224 Other long-term debt.
- 225 Unamortized premium on long-term debt.
- 226 Unamortized discount on long-term debt--Debit.

### 7. OTHER NONCURRENT LIABILITIES

- 227 Obligations under capital leases--noncurrent.
- 228.1 Accumulated provision for property insurance.
- 228.2 Accumulated provision for injuries and damages.
- 228.3 Accumulated provision for pensions and benefits.

228.4 Accumulated miscellaneous operating provisions.  
229 Accumulated provision for rate refunds.

## 8. CURRENT AND ACCRUED LIABILITIES

231 Notes payable.  
232 Accounts payable.  
233 Notes payable to associated companies.  
234 Accounts payable to associated companies.  
235 Customer deposits.  
236 Taxes accrued.  
237 Interest accrued.  
238 Dividends declared (Major only).  
239 Matured long-term debt (Major only).  
240 Matured interest (Major only).  
241 Tax collections payable (Major only).  
242 Miscellaneous current and accrued liabilities.  
243 Obligations under capital leases--current.

## 9. DEFERRED CREDITS

252 Customer advances for construction.  
253 Other deferred credits.  
255 Accumulated deferred investment tax credits.  
256 [Reserved]  
257 Unamortized gain on reacquired debt.  
281 Accumulated deferred income taxes--Accelerated amortization property.  
282 Accumulated deferred income taxes--Other property.  
283 Accumulated deferred income taxes--Other.

## **Balance Sheet Accounts**

### **101 Gas plant in service.**

A. This account shall include the original cost of gas plant, included in accounts 301 to 399 prescribed herein, owned and used by the utility in its gas operations, and having an expectation of life in service of more than one year from date of installation, including such property owned by the utility but held by nominees. (See also account 106 for unclassified construction costs of completed plant actually in service.)

B. The cost of additions to and betterments of property leased from others, which are includible in this account, shall be recorded in subdivisions separate and distinct from those relating to owned property. (See gas plant instruction 6.)

#### **101.1 Property under capital leases.**

A. This account shall include the amount recorded under capital leases for plant leased from others and used by the utility in its utility operations.

B. The gas property included in this account shall be classified separately according to the detailed accounts (301 to 399) prescribed for gas plant in service.

C. Records shall be maintained with respect to each capital lease reflecting: (1) Name of lessor, (2) basic details of lease, (3) terminal date, (4) original cost fair market value of property leased, (5) future minimum lease payments, (6) executory costs, (7) present value of minimum lease payments, (8) the amounts representing interest and the interest rate used, and (9) expenses paid.

### **102 Gas plant purchased or sold.**

A. This account shall be charged with the cost of gas plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise, and shall be credited with the selling price of like property transferred to others pending the distribution to appropriate accounts in accordance with gas plant instruction 5.

B. Within six months from the date of acquisition or sale of property recorded herein, the utility shall file with the Commission the proposed journal entries to clear from this account the amounts recorded herein.

### **103 Experimental gas plant unclassified (Major only).**

A. This account shall include the cost of gas plant which was constructed as a research, development, and demonstration project under the provisions of paragraph C, Account 107, Construction Work in Progress--Gas, and due to the nature of the plant it is desirable to operate it for a period of time in an experimental status.

B. Amounts in this account shall be transferred to Account 101, Gas Plant in Service, or Account 121, Nonutility Property, as appropriate, when the project is no longer considered as experimental. Prior to transfer to account 101 the subject plant must be certified by the Commission for use as gas plant in service.

C. The depreciation on property in this account shall be charged to Account 403, Depreciation Expense, and credited to Account 108, Accumulated Provision for Depreciation of Gas Utility Plant. The amounts herein shall be depreciated over a period which would correspond to the estimated useful life of the relevant project considering the experimental characteristics involved. However, when projects are transferred to Account 101, Gas Plant in Service, a new depreciation rate based on the remaining service life and undepreciated amounts, will be established.

D. Records shall be maintained with respect to each unit of experiment so that full details may be obtained as to the cost, depreciation, and the experimental status.

E. Should it be determined that experimental plants recorded in this account will fail to satisfactorily perform its function, the costs thereof shall be accounted for as directed or authorized by the Commission.

#### **103.1 Gas plant in process of reclassification (Nonmajor only).**

A. This account shall include temporarily the balance of gas plant as of the effective date of the prior system of accounts, which has not yet been reclassified as of the effective date of this system of accounts. The detail or primary accounts in support of this account employed prior to such date shall be continued pending reclassification into the gas plant accounts herein prescribed (301-399), but shall not be used for additions, betterments, or new construction.

B. No charges other than as provided in paragraph A, above, shall be made to this account, but retirements of such unclassified gas plant shall be credited hereto and to the supporting (old) fixed capital accounts until the reclassification shall have been accomplished.

#### **104 Gas plant leased to others.**

A. This account shall include the original cost of gas plant owned by the utility but leased to others as operating units or systems, where the lessee has exclusive possession.

B. The property included in this account shall be classified according to the detailed accounts (301 to 399) prescribed for gas plant in service and this account shall be maintained in such detail as though the property were used by the owner in its utility operations.

## **105 Property held for future use.**

A. This account shall include the original cost of utility plant owned and held for future use in utility service under a definite plan for such use, to include: (1) property acquired but never used by the utility in gas service, but held for such service in the future under a definite plan, and (2) property previously used by the utility in utility service, but retired from such service and held pending its reuse in the future, under a definite plan, in utility service. This includes production properties relating to leases acquired on or before October 7, 1969.

B. In the event that property recorded in this account shall no longer be needed or appropriate for future utility operations, the company shall notify the Commission of such condition and request approval of journal entries to remove such property from this account.

C. Gains or losses from the sale of land and land rights or other disposition of such property previously recorded in this account and not placed in utility service shall be recorded directly in account 421.1 or 421.2, as appropriate, or as otherwise directed by the Commission. However, when determined to be significant by the Commission the gain or loss shall be transferred to account 253, Other Deferred Credits, or account 186, Miscellaneous Deferred Debits, and amortized to account 421.1, Gains on Disposition of Property, or account 421.2, Losses on Disposition of Property.

D. The property included in this account shall be classified according to the detailed accounts (301 to 399) prescribed for gas plant in service and the account shall be maintained in such detail as though the property were in service. Separate subaccounts shall be maintained hereunder for each utility department for which plant is held for future use.

NOTE A: Materials and supplies, meters and house regulators held in reserve, and normal spare capacity of plant in service shall not be included in this account.

NOTE B: Include in this account natural gas wells shut in after construction which have not been connected with the line; also, natural gas wells which have been connected with the line but which are shut in for any reason except seasonal excess capacity or governmental proration requirements or for repairs, provided that the related production leases were acquired on or before October 7, 1969.

### **105.1 Production properties held for future use.**

A. This account shall include the cost of production property relating to leases acquired on or after October 8, 1969, held under a definite plan for future use to insure a future supply of natural gas for use in pipeline operations, to include: (1) Production property acquired but never used by the utility in gas service, but held for such service in the future under a definite plan, and (2) production property previously used by the utility in gas service, but retired from such service and held pending its reuse in the future, under a definite plan, in utility service.

B. In the event that property recorded in this account shall no longer be needed or appropriate for future utility operations, the company shall notify the Commission of such condition and request approval of journal entries to remove such property from this account.

C. Gains or losses from the sale of land and land rights or other disposition of such property previously recorded in this account and not placed in utility service shall be recorded directly in account 421.1 or 421.2, as appropriate or as otherwise directed by the Commission. However, when determined to be significant by the Commission the gain or loss shall be transferred to account 253, Other Deferred Credits, or account 186, Miscellaneous Deferred Debits, and amortized to account 421.1, Gains on Disposition of Property, or account 421.2, Losses on Disposition of Property.

D. The property included in this account shall be classified according to the detailed accounts (301-399) prescribed for utility plant in service and the account shall be maintained in such detail as though the property were in service.

NOTE: If "full cost accounting for exploration and development costs" has been specifically approved by the Commission, then unsuccessful exploration and development costs incurred on leases acquired after October 7, 1969, shall be charged to account 338, Unsuccessful Exploration and Development Costs. Otherwise, such costs will be charged to account 796, Nonproductive Well Drilling.

#### **106 Completed construction not classified--Gas (Major only).**

At the end of the year or such other date as a balance sheet may be required by the Commission, this account shall include the total of the balances of work orders for gas plant which have been completed and placed in service but which work orders have not been classified for transfer to the detailed gas plant accounts.

NOTE: For the purpose of reporting to the Commission the classification of gas plant in service by accounts is required, the utility shall also report the balance in this account tentatively classified as accurately as practicable according to prescribed account classifications. The purpose of this provision is to avoid any significant omissions in reported amounts of gas plant in service.

#### **107 Construction work in progress--Gas.**

A. This account shall include the total of the balances of work orders for gas plant in process of construction.

B. Work orders shall be cleared from this account as soon as practicable after completion of the job. Further, if a project, such as a gas production plant, a compressor station, or a transmission line, is designed to consist of two or more units which may be placed in service at different dates, any expenditures which are common to and which will be used in the operation of the project as a whole shall be included in gas plant in service upon the completion and the

readiness for service of the first unit. Any expenditures which are identified exclusively with units of property not yet in service shall be included in this account.

C. Expenditures on research, development, and demonstration projects for construction of utility facilities are to be included in a separate subdivision in this account. Records must be maintained to show separately each project along with complete detail of the nature and purpose of the research, development, and demonstration project together with the related costs.

NOTE A: This account shall include certificate application fees paid to the Federal Energy Regulatory Commission as provided for in gas plant instruction 15.

NOTE B: Unsuccessful exploration and development costs incurred on leases acquired after October 7, 1969, shall be transferred to account 338, Unsuccessful Exploration and Development Costs.

### **108 Accumulated provision for depreciation of gas utility plant (Major only).**

- A. This account shall be credited with the following:
- (1) Amounts charged to account 403, Depreciation Expense, or to clearing accounts for current depreciation expense for gas plant in service.
  - (2) [Reserved]
  - (3) Amounts charged to account 413, Expenses of Gas Plant Leased to Others, for gas plant included in account 104, Gas Plant Leased to Others.
  - (4) Amounts charged to account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work, or to clearing accounts for current depreciation expense.
  - (5) Amounts of depreciation applicable to gas properties acquired as operating units or systems. (See gas plant instruction 5.)
  - (6) Amounts charged to account 182.1, Extraordinary Property Losses, when authorized by the Commission.
  - (7) Amounts of depreciation applicable to gas plant donated to the utility. (The utility shall maintain separate subaccounts for depreciation applicable to gas plant in service, and gas plant leased to others.)

B. At the time of retirement of depreciable gas utility plant, this account shall be charged with the book cost of the property retired and the cost of removal and shall be credited with the salvage value and any other amounts recovered, such as insurance. When retirements, cost of removal and salvage are entered originally in retirement work orders, the net total of such work orders may be included in a separate subaccount hereunder. Upon completion of the work order, the proper distribution to subdivision of this account shall be made as provided in the following paragraph.

C. For general ledger and balance sheet purposes, this account shall be regarded and treated as a single composite provision for depreciation. For purposes of analysis, however, each utility shall maintain subsidiary records in which this account is segregated according to the following functional classification for gas plant:

- (1) production--manufactured gas,
- (2) production and gathering-- natural gas,
- (3) products extraction--natural gas,
- (4) underground gas storage,
- (5) other storage,
- (6) base load LNG terminaling and processing plant,
- (7) transmission,
- (8) distribution, and
- (9) general.

These subsidiary records shall reflect the current credits and debits to this account in sufficient detail to show separately for each such functional classification (a) the amount of provision for depreciation, (b) the book cost of property retired, (c) cost of removal, (d) salvage, and (e) other items, including recoveries from insurance.

D. When transfers of plant are made from one gas plant account to another, or from or to another utility department, or from or to nonutility property accounts, the accounting for the related accumulated provision for depreciation shall be as provided in gas plant instruction 12.

E. The utility is restricted in its use of the provision for depreciation to the purposes set forth above. It shall not transfer any portion of this account to retained earnings or make any other use thereof without authorization by the Commission.

#### **109 Accumulated provision for depreciation of property held for future use.**

A. This account shall be credited with amounts charged to account 421, Miscellaneous Nonoperating Income, for depreciation expense on property included in account 105, Property Held for Future Use, and account 105.1, Production Properties Held for Future Use. Include also the balance of accumulated provision for depreciation on property which may be transferred to account 105, Property Held for Future Use, from other property accounts.

B. The utility is restricted in its use of the accumulated provision for depreciation to the purposes set forth above. It shall not transfer any portion of this account to retained earnings or make any other use thereof without authorization by the Commission. This account shall be subdivided so that amounts relating to account 105, Property Held for Future Use and account 105.1, Production Properties Held for Future Use, can be readily identifiable.

NOTE: Normally, this account will not be used for current depreciation provisions because, as provided herein, the service life during which depreciation is computed commences with the date property is includible in utility plant in service. However, if special circumstances indicate the propriety of current accruals for depreciation, such charges shall be made to account 421, Miscellaneous Nonoperating Income.

#### **110 Accumulated provision for depreciation, depletion and amortization of gas utility plant (Nonmajor only).**

A. This account shall be credited with the following:

(1) Amounts charged to account 403, Depreciation and Depletion Expense, to account 404, Amortization of Limited-Term Gas Plant, to account 405, Amortization of Other Gas Plant, to account 413, Expenses of Gas Plant Leased to Others, to account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work, or to clearing accounts for currently accruing depreciation, depletion, and amortization.

(2) Amounts of depreciation, depletion or amortization applicable to gas properties acquired as operating units or systems. (See gas plant instruction 4.)

(3) Amounts chargeable to account 182.1, Extraordinary Property Losses, when authorized by the Commission.

(4) Amounts of depreciation applicable to gas plant donated to the utility.

B. At the time of retirement of gas plant, this account shall be charged with the book cost of the property retired and the cost of removal, and shall be credited with the salvage value and any other amounts recovered, such as insurance. When retirements, cost of removal and salvage are entered originally in retirement work orders, the net total of such work orders may be included in a separate subaccount hereunder. Upon completion of the work order, the property distribution to subdivisions of this account shall be made as provided in the following paragraph.

C. For general ledger and balance sheet purposes, this account shall be regarded and treated as a single composite provision for depreciation. The account shall be subdivided to show the amount applicable to Gas Plant in Service and Gas Plant Leased to Others. These subsidiary records shall show the current credits and debits to this account in sufficient detail to show separately for each subdivision, (1) the amount of accrual for depreciation or amortization, (2) the book cost of property retired, (3) cost of removal, (4) salvage and (5) other items, including recoveries from insurance. The utility also shall maintain subsidiary records in accordance with these provisions for accumulated depletion and amortization provisions for natural gas land and land rights in service.

D. When transfers of plant made from one gas plant account to another, or from or to nonutility property, the accounting shall be as provided in gas plant instruction 10.

E. The utility is restricted in its use of the accumulated provision for depreciation, depletion and amortization to the purposes set forth above. It shall not transfer any portion of this account to retained earnings or make any other use thereof without authorization by the Commission.

**111 Accumulated provision for amortization and depletion of gas utility plant (Major only).**

A. This account shall be credited with the following:

(1) Amounts charged to account 404.1, Amortization and Depletion of Producing Natural Gas Land and Land Rights, for current amortization and depletion of such land and land rights.

(2) Amounts charged to account 404.2, Amortization of Underground Storage Land and Land Rights, for current amortization.

(3) Amounts charged to account 404.3, Amortization of Other Limited-Term Gas Plant, for the current amortization of limited-term gas plant.

(4) [Reserved]

(5) Amounts charged to account 405, Amortization of Other Gas Plant.

(6) Amounts charged to account 413, Expenses of Gas Plant Leased to Others, for current amortization thereof.

(7) Amounts charged to account 797, Abandoned Leases, to provide for the abandonment of nonproductive natural gas leases.

(8) Amounts charged to account 425, Miscellaneous Amortization, for the amortization of intangible or other gas plant which does not have a definite or terminable life and is not subject to charges for depreciation expense, with Commission approval. (The utility shall maintain subaccounts of this account for the amortization applicable to producing natural gas land and land rights, other gas plant in service, gas plant leased to others, and abandonment of leases.)

B. When any property to which this account applies is sold, relinquished, or otherwise retired from service, this account shall be charged with the amount previously credited in respect to such property. The book cost of the property so retired less the amount chargeable to this account and less the net proceeds realized at retirement shall be included in account 421.1, Gain on Disposition of Property, or account 421.2, Loss on Disposition of Property, or as otherwise directed by the Commission.

C. For general ledger and balance sheet purposes, this account shall be regarded and treated as a single composite provision for amortization. For purposes of analysis, however, each utility shall maintain subsidiary records in which this account is segregated according to the following functional classification for gas plant:

- (1) production--manufactured gas,
- (2) production and gathering-- natural gas,
- (3) products extraction--natural gas,
- (4) underground gas storage,
- (5) other storage,
- (6) base load LNG terminaling and processing plant,
- (7) transmission,
- (8) distribution, and
- (9) general.

These subsidiary records shall reflect the current credits and debits to this account in sufficient detail to show separately for each such functional classification (a) the amount of

provision for amortization, (b) the book cost of property retired, (c) cost of removal, (d) salvage, and (e) other items, including recoveries from insurance. Records shall be maintained so as to show separately the balance applicable to each item of land and land rights which is being amortized or depleted except that natural gas land and land rights which comprise an interest in a production area may be grouped to form a unit for amortization and depletion and the accumulated provision applicable thereto need not be segregated to show the amount related to each gas right included therein. Records shall also be maintained so as to show separately the balance applicable to each underground gas storage project.

D. The utility is restricted in its use of the accumulated provision for amortization to the purposes set forth above. It shall not transfer any portion of this account to retained earnings or make any other use thereof without authorization by the Commission.

## **112 [Reserved]**

## **113 Accumulated provision for amortization of other property held for future use.**

A. This account shall be credited with amounts charged to account 421, Miscellaneous Nonoperating Income, for amortization expense on property included in account 105, Property Held for Future Use, and account 105.1, Production Properties Held for Future Use, not including, however, provisions for abandoned natural gas leases. Include, also, the balance of accumulated provision for amortization on property which may be transferred to account 105, Property Held for Future Use, from other property accounts.

B. The utility is restricted in its use of the accumulated provision for amortization to the purposes set forth above. It shall not transfer any portion of this account to retained earnings or make any other use thereof without authorization by the Commission. This account shall be subdivided so the amounts relating to account 105, Property Held for Future Use, and account 105.1, Production Properties held for Future Use, can be readily identifiable.

NOTE: Normally, this account will not be used for current amortization provisions because, as provided herein, the service life during which amortization is computed commences with the date property is includible in utility plant in service. However, if special circumstances indicate the propriety of current accruals for depreciation or amortization, such charges shall be made to account 421, Miscellaneous Nonoperating income.

## **114 Gas plant acquisition adjustments.**

A. This account shall include the difference between (a) the cost to the accounting utility of gas plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise, and (b) the original cost, estimated, if not known, of such property, less the amount or amounts credited by the accounting utility at the time of acquisition to accumulated provisions for depreciation, depletion, and amortization and contributions in aid of construction with respect to such property.

B. With respect to acquisitions after the effective date of this system of accounts, this account shall be subdivided so as to show the amounts included herein for each property acquisition and to gas plant in service, gas plant held for future use and gas plant leased to others. (See gas plant instruction 5.)

C. Debit amounts recorded in this account related to plant and land acquisition may be amortized to account 425, Miscellaneous Amortization, over a period not longer than the estimated remaining life of the properties to which such amounts relate. Amounts related to the acquisition of land only may be amortized to account 425 over a period of not more than 15 years. Should a utility wish to account for debit amounts in this account in any other manner, it shall petition the Commission for authority to do so. Credit amounts recorded in this account shall be accounted for as directed by the Commission.

**115 Accumulated provision for amortization of gas plant acquisition adjustments (Major only).**

This account shall be credited or debited with amounts which are includible in account 406, Amortization of Gas Plant Acquisition Adjustments or account 425, Miscellaneous Amortization, for the purpose of providing for the extinguishment of amounts in account 114, Gas Plant Acquisition Adjustments, in instances where the amortization of account 114 is not being made by direct write-off of the account.

**116 Other gas plant adjustments.**

A. This account shall include the difference between the original cost, estimated if not known, and the book cost of gas plant to the extent that such difference is not properly includible in account 114 Gas Plant Acquisition Adjustments. (For Major companies, see gas plant instruction 1C.)

B. Amounts included in this account shall be classified in such manner as to show the origin of each amount and shall be disposed of as the Commission may approve or direct.

NOTE: The provisions of this account shall not be construed as approving or authorizing the recording of appreciation of gas plant.

**117 Gas stored underground-Noncurrent (Major only).**

A. This account shall include the cost of recoverable gas purchased or produced by the utility which is stored in depleted or partially depleted gas or oil fields, or other underground reservoirs, and held for use in meeting service requirements of the utility's customers.

B. Gas stored during the year shall be priced at cost according to generally accepted methods of cost determination consistently applied from year to year. Transmission expenses for facilities of the utility used in moving the gas to the storage area and expenses of storage facilities shall not be included in the inventory of gas except as may be authorized or directed by the Commission.

NOTE A: In general, gas stored from the supply in an integrated system shall be priced at the average cost of the gas constituting the common supply of the system, although this general rule may be departed from where conditions of system operation of gas supply and utilization permit a valid presumption that the gas stored may be considered to be from specified sources, as indicated below.

NOTE B: When in harmony with the overall system operation of gas supply and utilization, and the presumption is consistently observed from year to year, gas stored during the year may be presumed to be from total gas purchases, or from purchases from specified sources. When either of these presumptions is proper, the cost of gas stored shall be priced at the weighted average cost of all gas purchased, or at the weighted average cost of purchases from the specified sources, as appropriate. The weighted average cost may be the average for the preceding twelve months, except where a significant change occurs in the cost of gas, the full effect of such change shall be reflected for the period after the change is effective.

NOTE C: When in harmony with the overall system operation of gas supply and utilization, and the presumptions are consistently observed from year to year, gas stored during the year may be presumed to be from identified sources of the utility's own production. Such stored gas shall be priced at the weighted average cost of gas produced from the specified production areas. Where this presumption is made, or where the stored gas is identified as a matter of fact under circumstances which do not permit a proper application of the theory of displacement, the utility shall maintain separate records of the cost of gas produced from such areas and the derivation of cost used for stored gas from such sources.

NOTE D: Where gas is purchased specifically for storage, or a price concession received because of the storing of purchased gas, such gas shall be priced at the net contract price of the gas so purchased and stored.

NOTE E: The provisions of this instruction and the related footnotes shall not be construed as permitting or authorizing a restatement of the amounts at which stored gas inventories are stated on the utility's books at the effective date of this instruction, except as may be authorized by the Commission.

C. Withdrawals of gas may be priced according to the first-in-first-out, last-in-first-out, or weighted average cost method, in connection with which a "base stock" may be employed provided the method adopted by the utility is used consistently from year to year and the inventory records are maintained in accordance therewith. Approval of the Commission must be obtained for any other pricing method, or change in the pricing method adopted by the utility.

D. If the gas of any storage project is withdrawn below the amount established as "base stock" or encroaches upon native gas of a storage reservoir, and such gas is to be replaced within 12 months, it shall be permissible to price such gas at the estimated cost of replacement with purchased gas and to record a deferred credit therefore. For the purpose of this instruction, account 808, Gas Withdrawn from Storage-Debit, shall be charged with the estimated cost of

such replacement gas and account 253, Other Deferred Credits, credited. When replacement of the gas is made the amount in account 253 shall be cleared and this account credited. This accounting will not affect normal accounting for inputs and withdrawals from storage.

E. Separate records shall be maintained for each storage project of the Mcf of gas delivered to storage, withdrawn from storage, and remaining in storage. The projects shall be grouped, however, for the purpose of maintaining inventory cost records of the cost of gas in storage. Exceptions to this general rule are permitted in any of the following circumstances:

- (1) Projects at the supply end of long transmission lines,
- (2) Projects located on separate noninterconnected pipeline systems, and
- (3) Projects which by contractual arrangements approved by the Commission are devoted exclusively to the service of specified customers, and no portion of the gas withdrawals from any such project becomes part of the common system gas supply by displacement or otherwise. Where the utility establishes specified volumes of gas as "base stock," separate inventory cost records by projects shall be maintained therefore.

F. Amounts debited to this account for gas placed in storage shall be credited to account 809, Gas Delivered to Storage-Credit. Amounts credited to this account for gas withdrawn from storage shall be debited to account 808, Gas Withdrawn from Storage-Debit.

G. Adjustments for Inventory losses due to cumulative inaccuracies of gas measurements, or from other causes, shall be charged to account 823, Gas Losses. In the operation of storage projects, the utility shall maintain such procedures of verification as will disclose and result in prompt accounting recognition of significant losses. This account shall be credited with an amount equal to that debited to account 164.1, Gas Stored Underground-Current, to classify for balance sheet purposes such portion of the total inventory of gas stored underground as constitutes a current asset according to conventional rules for classification of current assets. (See account 164.1.)

## **118 Other utility plant.**

This account shall include the balance in accounts for utility plant, other than gas plant, such as electric, railway, etc.

### **119 Accumulated provision for depreciation and amortization of other utility plant.**

This account shall include the accumulated provision for depreciation and amortization applicable to utility property other than gas plant.

### **121 Nonutility property.**

A. This account shall include the book cost of land, structures, equipment or other tangible or intangible property owned by the utility, but not used in utility service and not properly includible in account 105, Gas Plant Held for Future Use.

B. This account shall also include the amount recorded under capital leases for property leased from others and used by the utility in its nonutility operations. Records shall be maintained with respect to each lease reflecting: (1) name of lessor, (2) basic details of lease, (3) terminal date, (4) original cost or fair market value of property leased, (5) future minimum lease payments, (6) executory costs, (7) present value of minimum lease payments, (8) the amount representing interest and the interest rate used, and (9) expenses paid.

C. This account shall be subdivided so as to show the amount of property used in operations which are nonutility in character but nevertheless constitute a distinct operating activity of the company (such as operation of an ice department where such activity is not classed as a utility) and the amount of miscellaneous property not used in operations. The records in support of each subaccount shall be maintained so as to show an appropriate classification of the property.

NOTE: In the event of the subsequent sale or other disposition of property included in this account which had been previously recorded in account 105, Gas Plant Held for Future Use, or account 105.1, Production Properties Held for Future Use, such property costs shall be accounted for in accordance with paragraph C of accounts 105 and 105.1, respectively.

### **122 Accumulated provision for depreciation and amortization of nonutility property.**

This account shall include the accumulated provision for depreciation and amortization applicable to nonutility property.

### **123 Investment in associated companies (Major only.)**

A. This account shall include the book cost of investments in securities issued or assumed by associated companies and investment advances to such companies, including interest accrued thereon when such interest is not subject to current settlement, provided that the investment does not relate to a subsidiary company. (If the investment relates to a subsidiary company it shall be included in account entry to the recording of amortization of discount or premium on interest bearing investments. Include herein the offsetting 123.1, Investment in Subsidiary Companies.) (See account 419, Interest and Dividend Income.)

B. This account shall be maintained in such manner as to show the investment in securities of, and advances to, each associated company together with full particulars regarding any of such investments that are pledged.

NOTE A: Securities and advances of associated companies owned and pledged shall be included in this account, but such securities, if held in special deposits or in special funds, shall be included in the appropriate deposit or fund account. A complete record of securities pledged shall be maintained.

NOTE B: Securities of associated companies held as temporary cash investments are includible in account 136, Temporary Cash Investments.

NOTE C: Balances in open accounts with associated companies, which are subject to current settlement, are includible in account 146, Accounts Receivable from Associated Companies.

NOTE D: The utility may write down the cost of any security in recognition of a decline in the value thereof. Securities shall be written off or written down to a nominal value if there be no reasonable prospect of substantial value. Fluctuations in market value shall not be recorded but a permanent impairment in the value of securities shall be recognized in the accounts. When securities are written off or written down, the amount of the adjustment shall be charged to account 426.5, Other Deductions, or to an appropriate account for accumulated provisions for loss in value established as a separate subdivision of this account.

### **123.1 Investment in subsidiary companies (Major only).**

A. This account shall include the cost of investments in securities issued or assumed by subsidiary companies and investment advances to such companies, including interest accrued thereon when such interest is not subject to current settlement plus the equity in undistributed earnings or losses of such subsidiary companies since acquisition. This account shall be credited with any dividends declared by such subsidiaries.

B. This account shall be maintained in such a manner as to show separately for each subsidiary: The cost of such investments in the securities of the subsidiary at the time of acquisition; the amount of equity in the subsidiary's undistributed net earnings or net losses since acquisition; advances or loans to such subsidiary; and full particulars regarding any such investments that are pledged.

### **124 Other investments.**

A. This account shall include the book cost of investments in securities issued or assumed by nonassociated companies, investment advances to such companies, and any investments not accounted for elsewhere. Include also the offsetting entry to the recording of amortization of discount or premium on interest bearing investments. (See account 419, Interest and Dividend Income.)

B. The cost of capital stock of the utility reacquired by it under a definite plan for resale pursuant to authorization by the Board of Directors may, if permitted by statutes, be included in a separate subdivision of this account. (See also account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, and account 217, Reacquired Capital Stock.)

C. The records shall be maintained in such manner as to show the amount of each investment and the investment advances to each person.

NOTE A: Securities owned and pledged shall be included in this account, but securities held in special deposits or in special funds shall be included in appropriate deposit or fund accounts. A complete record of securities pledged shall be maintained.

NOTE B: Securities held as temporary cash investments shall not be included in this account.

NOTE C: See Note D of account 123.

### **125 Sinking funds (Major only).**

This account shall include the amount of cash and book cost of investments held in sinking funds. A separate account, with appropriate title, shall be kept for each sinking fund. Transfers from this account to special deposit accounts, may be made as necessary for the purpose of paying matured sinking-fund obligations, or obligations called for redemption but not presented, or the interest thereon.

### **126 Depreciation fund (Major only).**

This account shall include the amount of cash and the book cost of investments which have been segregated in a special fund for the purpose of identifying such assets with the accumulated provisions for depreciation.

### **128 Other special funds (Major only).**

This account shall include the amount of cash and book cost of investments which have been segregated in special funds for insurance, employee pensions, savings, relief, hospital, and other purposes not provided for elsewhere. A separate account, with appropriate title, shall be kept for each fund.

NOTE: Amounts deposited with a trustee under the terms of an irrevocable trust agreement for pensions or other employee benefits shall not be included in this account.

### **129 Special funds (Nonmajor only).**

This account shall include the amount of cash and book cost of investments which have been segregated in special funds for bond retirements, property additions and replacements, insurance, employees' pensions, savings, relief, hospital, and other purposes not provided for elsewhere. A separate account, with appropriate title, shall be kept for each fund.

NOTE: Amounts deposited with a trustee under the terms of an irrevocable trust agreement for pensions or other employees' benefits shall not be included in this account.

### **Special Instructions for Current and Accrued Assets**

Current and accrued assets are cash, those assets which are readily convertible into cash or are held for current use in operations or construction, current claims against others, payment of which is reasonably assured, and amounts accruing to the utility which are subject to current settlement, except such items for which accounts other than those designated as current and accrued assets are made therefore. There shall not be included in the group of accounts designated as current and accrued assets any item, the amount or collectibility of which is not reasonably assured, unless an adequate provision for possible loss has been provided. Items of current character but of doubtful value may be written down and for record purposes carried in these accounts at nominal value.

### **130 Cash and working funds (Nonmajor only).**

This account shall include the amount of cash on hand and in banks and cash advanced to officers, agents, employees, and others as petty cash or working funds. Special cash deposits for payment of interest, dividends or other special purposes shall be included in this account in separate subdivisions which shall specify the purpose for which each such special deposit is made.

NOTE: Special deposits for more than one year, which are not offset by current liabilities, shall not be charged to this account but to account 125, Special Funds.

### **131 Cash (Major only).**

This account shall include the amount of current cash funds except working funds.

### **132 Interest special deposits (Major only).**

This account shall include special deposits with fiscal agents or others for the payment of interest.

### **133 Dividend special deposits (Major only).**

This account shall include special deposits with fiscal agents or others for the payment of dividends.

### **134 Other special deposits (Major only).**

This account shall include deposits with fiscal agents or others for special purposes other than the payment of interest and dividends. Such special deposits may include cash deposited with federal, state, or municipal authorities as a guaranty for the fulfillment of obligations; cash deposited with trustees to be held until mortgaged property sold, destroyed, or otherwise disposed of is replaced; cash realized from the sale of the accounting utility's securities and deposited with trustees to be held until invested in property of the utility, etc. Entries to this account shall specify the purpose for which the deposit is made.

NOTE: Assets available for general corporate purposes shall not be included in this account. Further, deposits for more than one year, which are not offset by current liabilities, shall not be charged to this account but to account 128, Other Special Funds.

### **135 Working funds (Major only).**

This account shall include cash advanced to officers, agents, employees, and others as petty cash or working funds.

### **136 Temporary cash investments.**

A. This account shall include the book cost of investments, such as demand and time loans, bankers' acceptances, United States Treasury certificates, marketable securities, and other similar investments, acquired for the purpose of temporarily investing cash.

B. This account shall be so maintained as to show separately temporary cash investments in securities of associated companies and of others. Records shall be kept of any pledged investments.

### **141 Notes receivable.**

This account shall include the book cost, not includible elsewhere, of all collectible obligations in the form of notes receivable and similar evidences (except interest coupons) of money due on demand or within one year from the date of issue, except, however, notes receivable from associated companies. (See account 136, Temporary Cash Investments, and account 145, Notes Receivable from Associated Companies.)

NOTE: The face amount of notes receivable discounted, sold, or transferred without releasing the utility from liability as endorser thereon, shall be credited to a separate subdivision of this account and appropriate disclosure shall be made in financial statements of any contingent liability arising from such transactions.

#### **142 Customer accounts receivable.**

A. This account shall include amounts due from customers for utility service, and for merchandising, jobbing, and contract work. This account shall not include amounts due from associated companies.

B. This account shall be maintained so as to permit ready segregation of the amounts due for merchandising, jobbing, and contract work.

#### **143 Other accounts receivable.**

A. This account shall include amounts due the utility upon open accounts, other than amounts due from associated companies and from customers for utility services and merchandising, jobbing, and contract work.

B. This account shall be maintained so as to show separately amounts due on subscriptions to capital stock and from officers and employees, but the account shall not include amounts advanced to officers or others as working funds. (See account 135, Working Funds.)

#### **144 Accumulated provision for uncollectible accounts--Cr.**

A. This account shall be credited with amounts provided for losses on accounts receivable which may become uncollectible, and also with collections on accounts previously charged hereto. Concurrent charges shall be made to account 904, Uncollectible Accounts, for amounts applicable to utility operations, and to corresponding accounts for other operations. Records shall be maintained so as to show the write-offs of accounts receivable for each utility department.

B. This account shall be subdivided to show the provision applicable to the following classes of accounts receivable:

Utility Customers.  
Merchandising, Jobbing and Contract Work.  
Officers and Employees.  
Others.

NOTE A: Accretions to this account shall not be made in excess of a reasonable provision against losses of the character provided for.

NOTE B: If provisions for uncollectible notes receivable or for uncollectible receivables from associated companies are necessary, separate subaccounts therefore shall be established under the account in which the receivable is carried.

#### **145 Notes receivable from associated companies.**

#### **146 Accounts receivable from associated companies.**

These accounts shall include notes and drafts upon which associated companies are liable, and which mature and are expected to be paid in full not later than one year from date of issue, together with any interest thereon, and debit balances subject to current settlement in open accounts with associated companies. Items which do not bear a specified due date but which have been carried for more than twelve months and items which are not paid within twelve months from due date shall be transferred to account 123, Investment in Associated Companies.

NOTE A: On the balance sheet, accounts receivable from an associated company may be set off against accounts payable to the same company.

NOTE B: The face amount of notes receivable discounted, sold or transferred without releasing the utility from liability as endorser thereon, shall be credited to a separate subdivision of this account and appropriate disclosure shall be made in financial statements of any contingent liability arising from such transactions.

#### **151 Fuel stock (Major only).**

This account shall include the book cost of fuel on hand.

##### **ITEMS**

1. Invoice price of fuel less any cash or other discounts.
2. Freight, switching, demurrage and other transportation charges, not including, however, any charges for unloading from the shipping medium.
3. Excise taxes, purchasing agents' commissions, insurance and other expenses directly assignable to cost of fuel.

#### **152 Fuel stock expenses undistributed (Major only).**

A. This account may include the cost of labor and of supplies used and expenses incurred in unloading fuel from the shipping medium and in the handling thereof prior to its use, if such expenses are sufficiently significant in amount to warrant being treated as a part of the cost of fuel inventory rather than being charged directly to expense as incurred.

B. Amounts included herein shall be charged to expense as the fuel is used to the end that the balance herein, shall not exceed the expenses attributable to the inventory of fuel on hand.

##### **ITEMS**

##### **Labor:**

1. Procuring and handling of fuel.
2. All routine fuel analyses.
3. Unloading from shipping facility and putting in storage.

4. Moving of fuel in storage and transferring from one station to another.
5. Handling from storage or shipping facility to first bunker, hopper, bucket, tank or holder of boiler house structure.
6. Operation of mechanical equipment, such as locomotives, trucks, cars, boats, barges, cranes, etc.

Supplies and Expenses:

7. Tools, lubricants and other supplies.
8. Operating supplies for mechanical equipment.
9. Transportation and other expenses in moving fuel.
10. Stores expenses applicable to fuel.

**153 Residuals and extracted products (Major only).**

This account shall include the book cost of residuals or extracted products produced in the manufacture of gas or in natural gas products extraction operations including like products purchased for resale.

**154 Plant materials and operating supplies.**

A. This account shall include the cost of materials purchased primarily for use in the utility business for construction, operation and maintenance purposes. For Nonmajor utilities, this account shall include the cost of fuel on hand and unapplied materials and supplies (except meters and house regulators). For both Major and Nonmajor utilities, it shall include also the book cost of materials recovered in connection with construction, maintenance or the retirement of property, such materials being credited to construction, maintenance or accumulated depreciation provision, respectively, and included herein as follows:

(1) Reusable materials consisting of large individual items shall be included in this account at original cost, estimated if not known. The cost of repairing such items shall be charged to the maintenance account appropriate for the previous use.

(2) Reusable materials consisting of relatively small items, the identity of which (from the date of original installation to the final abandonment or sale thereof) cannot be ascertained without undue refinement in accounting, shall be included in this account at current prices new for such items. The cost of repairing such items shall be charged to the appropriate expense account as indicated by previous use.

(3) Scrap and nonusable materials included in this account shall be carried at the estimated net amount realizable therefrom. The difference between the amounts realized for scrap and nonusable materials sold and the net amount at which the materials were carried in this account, as far as practicable, shall be adjusted to the accounts credited when the materials were charged to this account.

B. Materials and supplies issued shall be credited hereto and charged to the appropriate construction, operating expense, or other account on the basis of a unit price determined by the use of cumulative average, first-in-first-out, or such other method of inventory accounting as conforms with accepted accounting standards consistently applied.

C. For Nonmajor utilities, inventories of materials, supplies, fuel, etc., shall be taken at least annually and the necessary adjustments shall be made to bring this account into agreement with the actual inventories. In effecting the adjustments, large differences which can be assigned to important classes of materials shall be equitably adjusted among the accounts to which such classes of materials have been charged since the previous inventory. Other differences shall be equitably apportioned among the accounts to which materials have been charged.

## ITEMS

1. Invoice price of materials less cash or other discounts.
2. Freight, switching or other transportation charges when practicable to include as part of the cost of particular materials to which they relate.
3. Customs duties and excise taxes.
4. Costs of inspection and special tests prior to acceptance.
5. Insurance and other directly assignable charges.

NOTE A: Where expenses applicable to materials purchased cannot be directly assigned to particular purchases, they may be charged to a stores expense clearing account (account 163, Stores Expenses Undistributed, in the case of Major utilities), and distributed therefrom to the appropriate accounts.

NOTE B: When materials and supplies are purchased for immediate use, they need not be carried through this account but may be charged directly to the appropriate gas plant or expense account.

### **155 Merchandise (Major only).**

This account shall include the book cost of materials and supplies, and appliances and equipment held primarily for merchandising, jobbing, and contract work. The principles prescribed in accounting for utility materials and supplies shall be observed in respect to items carried in this account.

### **156 Other materials and supplies (Major only).**

This account shall include the book cost of materials and supplies held primarily for nonutility purposes. The principles prescribed in accounting for utility materials and supplies shall be observed in respect to items carried in this account.

### **163 Stores expense undistributed (Major only)**

A. This account shall include the cost of supervision, labor and expenses incurred in the operation of general storerooms, including purchasing, storage, handling and distribution of materials and supplies.

B. This account shall be cleared by adding to the cost of materials and supplies issued a suitable loading charge which will distribute the expense equitably over stores issues. The balance in the account at the close of the year shall not exceed the amount of stores expenses reasonably attributable to the inventory of materials and supplies exclusive of fuel, as any amount applicable to fuel cost should be included in account 152, Fuel Stock Expenses Undistributed.

## ITEMS

### Labor:

1. Inspecting and testing materials and supplies when not assignable to specific items.
2. Unloading from shipping facility and putting in storage.
3. Supervision of purchasing and stores department to extent assignable to materials handled through stores.
4. Getting materials from stock and in readiness to go out.
5. Inventorying stock received or stock on hand by stores employees but not including inventories by general department employees as part of internal or general audits.
6. Purchasing department activities in checking material needs, investigating sources of supply, analyzing prices, preparing and placing orders, and related activities to extent applicable to materials handled through stores. (Optional. Purchasing department expenses may be included in administrative and general expenses.)
7. Maintaining stores equipment.
8. Cleaning and tidying storerooms and stores offices.
9. Keeping stock records, including recording and posting of material receipts and issues and maintaining inventory record of stock.
10. Collecting and handling scrap materials in stores.

### Supplies and Expenses:

11. Adjustments of inventories of materials and supplies but not including large differences which can readily be assigned to important classes of materials and equitably distributed among the accounts to which such classes of materials have been charged since the previous inventory.
12. Cash and other discounts not practically assignable to specific materials.
13. Freight, express, etc., when not assignable to specific items.
14. Heat, light and power for storerooms and store offices.
15. Brooms, brushes, sweeping compounds and other supplies used in cleaning and tidying storerooms and stores offices.
16. Injuries and damages.
17. Insurance on materials and supplies and on stores equipment.
18. Losses due to breakage, leakage, evaporation, fire or other causes, less credits for amounts received from insurance, transportation companies or others in compensation of such losses.
19. Postage, printing, stationery and office supplies.
20. Rent of storage space and facilities.
21. Communication service.
22. Excise and other similar taxes not assignable to specific materials.

23. Transportation expense on inward movement of stores and on transfer between storerooms but not including charges on materials recovered from retirements which shall be accounted for as part of cost of removal.

NOTE: A physical inventory of each class of materials and supplies shall be made at least every two years.

#### **164.1 Gas stored underground - current.**

This account shall be debited with such amounts as are credited to Account 117, Gas Stored Underground-Noncurrent, to reflect classification for balance sheet purposes of such portion of the inventory of gas stored underground as represents a current asset according to conventional rules for classification of current assets.

NOTE A: It shall not be considered conformity to conventional rules of current asset classification if the amount included in this account exceeds an amount equal to the cost of estimated withdrawals of gas from storage for purposes of sale within the 24-month period from date of the balance sheet, or if the amount represents a volume of gas which, in fact, could not be withdrawn from storage without impairing the pressure level of any project for normal operating purposes.

NOTE B: The records supporting entries to the 164.xx accounts shall be so maintained that there shall be readily available for each transaction full details such as: date of delivery or withdrawal, purpose, buyer name, a description and the quantity of the commodity or service that was delivered, withdrawn or sold, basis for price, and amount received.

NOTE C: Separate inventory records cost detail shall be maintained for each separate storage facility.

#### **164.11 Commodity storage fees (Major only).**

A. This account shall be charged with the time and volume sensitive costs associated with natural gas storage services. Examples of such costs include storage commodity costs and storage fuel costs.

B. Storage withdrawals or gas forfeitures shall be credited directly to this account on a monthly basis, or cleared periodically from Account 164.16. (See Accounts 804.62, 804.63, 804.64, and 164.16.)

C. Withdrawal of gas from storage shall not be netted against deliveries to storage.

#### **164.12 Commodity injection fees (Major only).**

A. This account shall be charged with the fees and costs associated with the injection of natural gas into storage.

B. Storage withdrawals or gas forfeitures shall be credited directly to this account on

a monthly basis, or cleared periodically from Account 164.16. (See Accounts 804.62, 804.63, 804.64, and 164.16.)

- C. Withdrawal of gas from storage shall not be netted against deliveries to storage.

**164.14 Other storage fees (Major only).**

A. This account shall be charged with storage related costs not provided for in the other stored gas accounts.

B. Storage withdrawals or gas forfeitures shall be credited directly to this account on a monthly basis, or cleared periodically from Account 164.16. (See Accounts 804.62, 804.63, 804.64, and 164.16.)

- C. Withdrawal of gas from storage shall not be netted against deliveries to storage.

**164.16 Stored gas withdrawn or forfeited - Cr. (Major only).**

A. This account shall be used as a clearing account for those utilities choosing not to directly credit the stored gas sub-accounts for the expensing of gas costs associated with natural gas storage. This account shall be cleared to Accounts 164.11, 164.12, 164.14, 164.33, and 164.53 periodically, at a minimum, at the end of each calendar year.

B. This account shall be credited with the cost of natural gas withdrawn from storage for system sales and cash-out transactions. Concurrent charges shall be recorded in Account 804.62.

C. This account shall be credited with the cost of natural gas volumes forfeited in accordance with tariff or contract provisions and other penalty provisions where gas volumes are forfeited in lieu of a cash payment. Concurrent charges shall be recorded in Account 804.63.

D. This account shall be credited with the cost of natural gas sold or withdrawn from storage for opportunity sales. Concurrent charges shall be recorded in Account 804.64.

E. The records supporting this account shall be so maintained that there shall be readily available for each opportunity sale transaction: the name of the buyer, a description of the transaction, the quantity of the commodity or service sold, and detail supporting the cost of the transaction.

- F. Withdrawal of gas from storage shall not be netted against deliveries to storage.

**164.2 Liquefied natural gas stored.**

A. This account shall include the cost of liquefied natural gas stored in above or below ground facilities.

B. Natural gas purchased in a liquefied form shall be priced at the cost of such gas to the utility. Natural gas liquefied by the utility shall be priced according to generally accepted methods of cost determination consistently applied from year to year. Transmission expenses for facilities to the utility used in moving the gas to the storage facilities shall not be included in the inventory of gas except as may be authorized by the Commission.

C. Amounts debited to this account for natural gas placed in storage shall be credited to account 808.2, Gas Delivered to Storage--Credit. Amounts credited to this account for gas withdrawn from storage shall be debited to account 808.1, Gas Withdrawn from Storage--Debit.

D. Withdrawals of gas may be priced according to the first-in-first-out, last-in-first-out, or weighted average cost method provided the method adopted by the utility is used consistently from year to year and inventory records are maintained in accordance therewith. Commission approval must be obtained for any other pricing method or for any change in the pricing method adopted by the utility. Separate records shall be maintained for each storage project of the Mcf of gas delivered to storage and remaining in storage.

E. Adjustments for inventory losses shall be charged to account 842.3, Gas Losses.

#### **164.3 Liquefied natural gas held for processing (Major only).**

A. This account shall include the cost of base load liquefied natural gas available for vaporization and injection into the utility's natural gas system.

B. Natural gas purchased in a liquefied form shall be priced at the cost of such gas to the utility.

C. Amounts debited to this account for liquefied natural gas purchased for processing shall be credited to account 809.2, Deliveries of Natural Gas for Processing--Credit. Amounts credited for liquefied natural gas processed shall be debited to account 809.1, Withdrawals of Liquefied Natural Gas Held for Processing--Debit.

D. Withdrawals of gas held for vaporization may be priced according to the first-in-first-out, last-in-first-out or weighted average cost method provided the method adopted by the utility is used consistently from year to year and inventory records are maintained in accordance therewith. Commission approval must be obtained for any other pricing method or for any change from the pricing method adopted by the utility. Separate records shall be maintained for Mcf (or Btu) of gas purchased for processing, processed, and remaining for processing.

E. Adjustments for inventory losses shall be charged to account 846.1, Gas Losses.

#### **164.33 Gas commodity costs transferred to storage (Major only).**

A. This account shall be charged with the cost of purchased gas, including related surcharges, that has been transferred to storage. (See Account 804.33.)

B. Storage withdrawals or gas forfeitures shall be credited directly to this account on a monthly basis, or cleared periodically from Account 164.16. (See Accounts 804.62, 804.63, 804.64, and 164.16.)

C. Withdrawal of gas from storage shall not be netted against deliveries to storage.

#### **164.53 Gas transmission expenses transferred to storage (Major only).**

A. This account shall be charged with the cost of transmission expenses, including related surcharges and fuel costs, associated with natural gas that has been transferred to storage. (See Account 804.53.)

B. Storage withdrawals or gas forfeitures shall be credited directly to this account on a monthly basis, or cleared periodically from Account 164.16. (See Accounts 804.62, 804.63, 804.64, and 164.16.)

C. Withdrawal of gas from storage shall not be netted against deliveries to storage.

#### **165 Prepayments.**

A. This account shall include payments for undelivered gas and other prepayments of rents, taxes, insurance, interest, and like disbursements made prior to the period to which they apply. Prepayments for gas are those amounts paid to a seller of gas under "take or pay" provisions of a gas purchase contract for a sale certificated by the Federal Energy Regulatory Commission where future makeup of the gas not taken in the current period is provided for by the contract.

B. As the periods covered by such prepayments expire, credit this account and charge the proper operating expense or other appropriate account with the amount applicable to the period.

C. This account shall be kept or supported in such a manner as to disclose the amount of each class of prepayments.

#### **166 Advances for gas exploration, development and production (Major only).**

A. This account shall include all advances made for gas (whether called "advances," "contributions" or otherwise) to independent producers, affiliated or associated companies, or others operating within the lower 48 states and Alaska; for exploration, development or production (but not to include lease acquisition) of natural gas. Under each agreement with payee, such payments must be made prior to initial gas deliveries, or if the agreement provides for advances on a well by well basis, each incremental payment must be made prior to deliveries from an incremental well, or prior to Federal and/or State authorization, as appropriate. All agreements executed after June 17, 1975, (issuance date of Order No. 529) shall specify that (1) the pipeline shall have first call on any gas produced, attributable to the advance payment, under a long-term contract which is for a minimum initial term computed as the lesser of fifteen years

or the life of the reserve in the field, and (2) the selling price of the gas committed by producers whose sales are subject to price regulation shall be governed by and limited to the area rate or national rate or, under appropriate showing of special circumstance, such other rate as may be authorized by the Federal Energy Regulatory Commission under the provisions of optional pricing and special relief. As a determination of the initial rate, the time of first delivery in interstate commerce to the purchaser shall govern. Non-current advances not to be repaid within a two-year period shall be reclassified and transferred to account 124, Other Investments, for balance sheet purposes. This transfer is for reporting purposes only and has no effect on accounting and ratemaking.

B. When a pipeline obtains a working interest as a result of funds advanced to producers, such amounts shall be included in appropriate production accounts for formal contractual agreements executed prior to the date of issuance of Order No. 499. When an associated company obtains a working interest as a result of funds advanced from a pipeline company, the pipeline shall include such amounts in Account 123, Investment in Associated Companies, or Account 146, Accounts receivable from Associated Companies, as appropriate, for formal contractual commitments made during the period on or after November 10, 1971 (effective date of Order 441) but prior to December 29, 1972, the date of issuance of Order No. 465.

C. Outstanding advances shall be fully reduced within 5 years, or as otherwise authorized by the Federal Energy Regulatory Commission, from the date gas deliveries commence or the date it is determined that recovery will be in other than gas. This account shall be credited with advances not fully recovered within the five-year period, and the unrecovered portion charged directly to Account 426.5, Other Deductions. A sufficient portion of all gas taken should be credited to the related outstanding advance so as to eliminate the advance within the 5-year period or as otherwise authorized by the Federal Energy Regulatory Commission upon request by the pipeline company. The reduction of the outstanding advance should not be dependent on a buyer purchasing more than 100 percent of the minimum take or pay quantity provided in the contract. In those instances where the five-year recovery period has lapsed, but recovery of the advance continues beyond the five-year period, the unrecovered advances shall be removed from this account and transferred to Account 167, Other Advances for Gas.

D. Where recovery is by gas, the recovered advance shall be credited to this account and charged to the appropriate gas purchase account.

E. When an advance which is or has been included in this account and in rate base results in a source of proven reserves of natural gas, gas deliveries commence but no gas flows to the pipeline company making such advance, the amount of the advance shall be removed from this account (and from rate base) and recorded in account 167, Other Advances for Gas. Any revenues collected as a result of the advance being included in rate base shall be refunded by the pipeline company to its customers, together with interest, per annum, at the rate established by Order No. 513, issued October 10, 1974, or as subsequently revised by Federal Energy Regulatory Commission Order, from the date of payment until refunded, within 12 months after the removal of the advance from this account, unless otherwise directed by the Federal Energy Regulatory Commission. Where there is partial recovery of the advance by gas, in this situation,

the amount of the advance transferred from this account to account 167 and the amount of revenues refunded, with interest, shall be appropriately apportioned.

F. However, if 5 years elapses from the time the advance has been included in this account and during such time no gas deliveries have commenced or no determination has been made that the recovery will be in economic consideration other than gas, the pipeline shall at the end of the 5-year period, transfer the advance from this account to Account 167, and cease rate base treatment thereof, unless otherwise directed by the Federal Energy Regulatory Commission.

G. Whenever as a result of an advance included in this account, a pipeline receives any amount in excess of a full recovery of the advance, e.g. interest income, such amount must be credited to Account 813, Other Gas Supply Expenses, or as otherwise directed by the Federal Energy Regulatory Commission. If the income or return is received in other than money, it shall be included at the market value of the assets received.

H. If the recipient of an advance is unable to repay it in full, through no fault of the pipeline or contractual provisions, in gas or other assets, the unpaid or nonrecoverable portion must be credited to this account at the time such amount is recognized as nonrecoverable. Nonrecoverable advances significant in amount must be eliminated within 5 years from the date of determination as nonrecoverable by either a charge to account 435, Extraordinary Deductions, or when authorized by the Federal Energy Regulatory Commission, by a transfer to account 186, Miscellaneous Deferred Debits, and amortization to account 813, Other Gas Supply Expenses. Nonrecoverable advances insignificant in amount should be charged directly to account 813 in the year recognized as nonrecoverable, when authorized by the Federal Energy Regulatory Commission.

I. No transfers shall be made to or from this account to any other accounts, unless otherwise provided herein, except as specifically authorized by the Federal Energy Regulatory Commission upon request by the pipeline company.

J. Three copies of any agreement concerning advances will be filed with the Federal Energy Regulatory Commission within 30 days of the initial related entry in account 166.

NOTE A: This account may include advances for exploration (including lease acquisition costs) made according to the provisions of Order Nos. 410 and 410-A, for which a contractual commitment was made prior to November 10, 1971, (issue date of Order No. 441). All advances made pursuant to contractual commitments made prior to November 10, 1971, (issue date of Order No. 441) shall be subject to the provisions of Order Nos. 410 and 410-A.

NOTE B: This account shall not include advances for exploration (including lease acquisition costs) in accordance with Order No. 441, for which a contractual commitment was made on or after November 10, 1971 (issue date of Order No. 441), but prior to December 29, 1972 (issue date of Order No. 465). All advances made pursuant to contractual commitments made on or after November 10, 1971, but prior to December 29, 1972 (issue date of Order No. 465) shall be subject to the provisions of Order No. 441.

NOTE C: This account shall not include advances for lease acquisition costs but may include advances for exploration where such advances are pursuant to contractual commitments made on or after December 29, 1972 (issue date of Order No. 465).

NOTE D: All advances made pursuant to contractual commitments made on or after December 29, 1972 (issue date of Order No. 465) but prior to the date of issuance of Order No. 499, shall be subject to the provisions of Order No. 465.

NOTE E: All advances made pursuant to contractual commitments made on or after December 28, 1973 (issue date of Order No. 499), but prior to the date of issuance of Order No. 529, shall be subject to the provisions of Order No. 499.

NOTE F: This account shall not include advances expended for delay rentals, nonproductive well drilling or abandoned leases where such advances are related to lease acquisition, except in accordance with Note A and Note B to this account.

NOTE G: To keep the Federal Energy Regulatory Commission informed when an advance is nonrecoverable by any means, the company must submit the full details including copies of Federal and State plugging and abandonment reports involved as soon as such fact becomes known.

#### **167 Other advances for gas (Major only).**

This account shall include all advances not properly includible in Account 166, exclusive of amounts advanced where a working interest is obtained.

#### **171 Interest and dividends receivable (Major only).**

This account shall include the amount of interest on bonds, mortgages, notes, commercial paper, loans, open accounts, deposits, etc., the payment of which is reasonably assured, and the amount of dividends declared or guaranteed on stocks owned.

NOTE A: Interest which is not subject to current settlement shall not be included herein but in the account in which is carried the principal on which the interest is accrued.

NOTE B: Interest and dividends receivable from associated companies shall be included in account 146, Accounts Receivable from Associated Companies.

#### **172 Rents receivable (Major only).**

This account shall include rents receivable or accrued on property rented or leased by the utility to others.

NOTE: Rents receivable from associated companies shall be included in account 146, Accounts Receivable From Associated Companies.

#### **173 Accrued utility revenues (Major only).**

At the option of the utility, the estimated amount accrued for service rendered, but not billed at the end of any accounting period, may be included herein. In case accruals are made for unbilled revenues, they shall be made likewise for unbilled expenses, such as for the purchase of gas.

**174 Miscellaneous current and accrued assets.**

This account shall include the book cost of all other current and accrued assets, appropriately designated and supported so as to show the nature of each asset included herein.

### **181 Unamortized debt expense.**

This account shall include expenses related to the issuance or assumption of debt securities. Amounts recorded in this account shall be amortized over the life of each respective issue under a plan which will distribute the amount equitably over the life of the security. The amortization shall be on a monthly basis, and the amounts thereof shall be charged to account 428, Amortization of Debt Discount and Expense. Any unamortized amounts outstanding at the time that the related debt is prematurely reacquired shall be accounted for as indicated in General Instruction 17.

### **182.1 Extraordinary property losses.**

A. When authorized or directed by the Commission, this account shall include extraordinary losses, which could not reasonably have been anticipated and which are not covered by insurance or other provisions, such as unforeseen damages to property.

B. Application to the Commission for permission to use this account shall be accompanied by a statement giving a complete explanation with respect to the items which it is proposed to include herein, the period over which, and the accounts to which it is proposed to write off the charges, and other pertinent information.

### **182.2 Unrecovered plant and regulatory study costs.**

A. This account shall include: (1) Nonrecurring costs of studies and analyses mandated by regulatory bodies related to plants in service, transferred from account 183.2, Other Preliminary Survey and Investigation Charges, and not resulting in construction; and (2) when authorized by the Commission, significant unrecovered costs of plant facilities where construction has been cancelled or which have been prematurely retired.

B. This account shall be credited and account 407.1, Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs, shall be debited, over the period specified by the Commission.

C. Any additional costs incurred, relative to the cancellation or premature retirement, may be included in this account and amortized over the remaining period of the original amortization period. Should any gains or recoveries be realized relative to the cancelled or prematurely retired plant, such amounts shall be used to reduce the unamortized amount of the costs recorded herein.

D. In the event that the recovery of costs included herein is disallowed in rate proceedings, the disallowed costs shall be charged to account 426.5, Other Deductions, or account 435, Extraordinary Deductions, in the year of such disallowance.

### **183.1 Preliminary natural gas survey and investigation charges (Major only).**

A. This account shall be charged with all expenditures for preliminary surveys, plans, investigations, etc. made for the purpose of determining the feasibility of acquiring land and land rights to provide a future supply of natural gas. If such land or land rights are acquired, this account shall be credited and the appropriate gas plant account (see gas plant instruction 7-G) charged with the amount of the expenditures relating to such acquisition. If a project is abandoned involving a natural gas lease acquired before October 8, 1969, the expenditures related thereto shall be charged to account 798, Other Exploration. If a project is abandoned involving a lease acquired after October 7, 1969, the expenditures related thereto shall be charged to account 338, Unsuccessful Exploration and Development Costs.

B. The records supporting the entries to this account shall be so kept that the utility can furnish, for each investigation, complete information as to the identification and location of territory investigated, the number or other identification assigned to the land tract or leasehold acquired, and the nature and respective amounts of the charges.

NOTE: The amount of preliminary survey and investigation charges transferred to gas plant shall not exceed the expenditures which may reasonably be determined to contribute directly and immediately and without duplication to gas plant.

### **183.2 Other preliminary survey and investigation charges (Major only).**

A. This account shall be charged with all expenditures for preliminary surveys, plans, investigations, etc., made for the purpose of determining the feasibility of utility projects under contemplation, other than the acquisition of land and land rights to provide a future supply of natural gas. If construction results, this account shall be credited and the appropriate utility plant account charged. If the work is abandoned, the charge shall be made to account 426.5, Other Deductions, or the appropriate operating expense account.

B. This account shall also include costs of studies and analyses mandated by regulatory bodies related to plant in service. If construction results from such studies, this account shall be credited and the appropriate utility plant account charged with an equitable portion of such study costs directly attributable to new construction. The portion of such study costs not attributable to new construction or the entire cost if construction does not result shall be charged to account 182.2, Unrecovered Plant and Regulatory Study Costs, or the appropriate operating expense account. The costs of such studies relative to plant under construction shall be included directly in account 107, Construction Work in Progress--Gas.

C. The records supporting the entries to this account shall be so kept that the utility can furnish complete information as to the nature and the purpose of the survey, plans, or investigations and the nature and amounts of the several charges.

NOTE: The amount of preliminary survey and investigation charges transferred to utility plant shall not exceed the expenditures which may reasonably be determined to contribute directly and immediately and without duplication to utility plant.

#### **184 Clearing accounts (Major only).**

This caption shall include undistributed balances in clearing accounts at the date of the balance sheet. Balances in clearing accounts shall be substantially cleared not later than the end of the calendar year unless items held therein relate to a future period.

#### **185 Temporary facilities (Major only).**

This account shall include amounts shown by work orders for plant installed for temporary use in utility service for periods of less than one year. Such work orders shall be charged with the cost of temporary facilities and credited with payments received from customers and net salvage realized on removal of the temporary facilities. Any net credit or debit resulting shall be cleared to account 488, Miscellaneous Service Revenues.

#### **186 Miscellaneous deferred debits.**

A. For Major companies, this account shall include all debits not elsewhere provided for, such as miscellaneous work in progress, construction certificate application fees paid prior to final disposition of the application as provided for in gas plant instruction 15A, losses on disposition of property, and unusual or extraordinary expenses not included in other accounts which are in process of amortization, and items the final disposition of which is uncertain.

B. For Nonmajor companies, this account shall include the following classes of items:

(1) Expenditures for preliminary surveys, plans, investigations, etc., made for the purpose of determining the feasibility of projects under contemplation. If construction results, this account shall be credited with the amount applicable thereto and the appropriate plant accounts shall be charged with an amount which does not exceed the expenditures which may reasonably be determined to contribute directly and immediately and without duplication to plant. If the work is abandoned, the charge shall be to account 462.5, Other Deductions, or to the appropriate operating expense accounts.

(2) Expenditures for preliminary surveys, plans, investigations, etc., made for the purpose of determining the feasibility of acquiring land and land rights to provide a future supply of natural gas. If such land or land rights are acquired, this account shall be credited and the appropriate gas plant account (see gas plant instruction 6G) charged with the amount of expenditures related to such acquisition. Such preliminary survey and investigation charges transferred to gas plant shall not exceed the expenditures which may reasonably be determined to contribute directly and immediately and without duplication to the gas plant. If a project is abandoned involving a natural gas lease acquired before October 8, 1969, the expenditures related thereto shall be charged to account 798, Other Exploration. If a project is abandoned involving a lease acquired after October 7, 1969, the expenditures related thereto shall be charged to account 338, Unsuccessful Exploration and Development Costs.

(3) Undistributed balances in clearing accounts at the date of the balance sheet. Balances in clearing accounts shall be substantially cleared not later than the end of the calendar year unless items held therein relate to a future period.

(4) Balances representing expenditures for work in progress other than on utility plant. This includes jobbing and contract work in progress.

(5) Other debit balances, the proper final disposition of which is uncertain, and unusual or extraordinary expenses, not included in other accounts, which are in process of being written off.

(6) All fees related to certificate applications involving construction paid prior to the final disposition of the certificate application. If the certificate is granted and accepted, the amount recorded in this account shall be credited with the amount applicable thereto and charged to the appropriate plant accounts. If the certificate requested is not granted or is not accepted by the applicant, the fees recorded in this account shall be cleared to account 928, Regulatory Commission Expenses.

C. The records supporting the entries to this account shall be so kept that the utility can furnish full information as to each deferred debit included herein. (In the case of Nonmajor companies, the records supporting entries for preliminary natural gas surveys and investigations shall be so kept that the utility can furnish, for each investigation, complete information as to identification and location of the territory investigated, the number or other identification assigned to the land tract or leasehold acquired, and the nature and respective amounts of the charges.)

#### **187 [Reserved]**

#### **188 Research, development, and demonstration expenditures (Major only).**

A. This account shall be charged with the cost of all expenditures coming within the meaning of Research, Development, and Demonstration (R.D. & D.) of this Uniform Systems of Accounts (see definition 28.B), except those expenditures properly chargeable to Account 107, Construction Work in Progress--Gas.

B. Costs that are minor or of a general or recurring nature shall be transferred from this account to the appropriate operating expense function or if such costs are common to the overall operations or cannot be feasibly allocated to the various operating accounts, then such costs shall be recorded in account 930.2, Miscellaneous General Expenses.

C. In certain instances a company may incur large and significant research, development, and demonstration expenditures which are nonrecurring and which would distort the annual research, development, and demonstration charges for the period. In such a case the portion of such amounts that cause the distortion may be amortized to the appropriate operating expense account over a period not to exceed five years unless otherwise authorized by the Commission.

D. The entries in this account must be so maintained as to show separately each project along with complete detail of the nature and purpose of the research, development, and demonstration project together with the related costs.

#### **189 Unamortized loss on reacquired debt.**

This account shall include the losses on long-term debt reacquired or redeemed. The amounts in this account shall be amortized in accordance with General Instruction 17.

**190 Accumulated deferred income taxes.**

A. This account shall be debited and account 411.1, Provision for Deferred Income Taxes--Credit, Utility Operating Income, or account 411.2, Provision for Deferred Income Taxes--Credit, Other Income and Deductions, as appropriate, shall be credited with an amount equal to that by which income taxes payable for the year are higher because of the inclusion of certain items in income for tax purposes, which items for general accounting purposes will not be fully reflected in the utility's determination of annual net income until subsequent years.

B. This account shall be credited and account 410.1, Provision for Deferred Income Taxes, Utility Operating Income, or account 410.2, Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with an amount equal to that by which income taxes payable for the year are lower because of prior payment of taxes as provided by paragraph A above, because of difference in timing for tax purposes of particular items of income or income deductions from that recognized by the utility for general accounting purposes. Such credit to this account and debit to account 410.1 or 410.2 shall, in general, represent the effect on taxes payable in the current year of the smaller amount of book income recognized, or the larger deduction permitted, for tax purposes as compared to the amount recognized in the utility's current accounts with respect to the item or class of items for which deferred tax concept of accounting is affected.

C. Vintage year records with respect to entries to this account, as described above, and the account balance shall be so maintained as to show the factor of calculation with respect to each annual amount of the item or class of items for which deferred tax accounting by the utility is utilized.

D. The utility is restricted in its use of this account to the purpose set forth above. It shall not make use of the balance in this account or any portion thereof except as provided in the text of this account, without prior approval of the Commission. Any remaining deferred tax account balance with respect to an amount for any prior year's tax deferral, the amortization of which or other recognition in the utility's income accounts has been completed, or other disposition made, shall be debited to account 410.1, Provision for Deferred Income Taxes, Utility Operating Income, or account 410.2, Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, or otherwise disposed of as the Commission may authorize or direct. (See General Instruction 18.)

**191 Unrecovered purchased gas costs.**

A. This account shall include purchased gas costs related to Commission approved purchased gas adjustment clauses when such costs are not included in the utility's rate schedule on file with the Commission. This account shall also include such other costs as authorized by the Commission.

B. This account shall be debited or credited, as appropriate, each month for increases or decreases in purchased gas costs with contra entries to Account 805.1, Purchased Gas Cost Adjustments.

C. After a change in a rate schedule recognizing the increases or decreases in purchased gas costs recorded in this account is approved by the Commission, this account shall be debited or credited, as appropriate, with contra entries to expense Account 805.1, Purchased Gas Cost Adjustments, so that the balance accumulated in this account will be amortized on an appropriate basis over a succeeding 6-month period or over such other periods that the Commission may have authorized. Any over or under applied debits or credits to this account shall be carried forward to the succeeding period of amortization.

D. Separate subaccounts shall be maintained for the amounts relating to the period in which the increase or decrease is accumulated and for the amortization of purchased gas increases or decreases, as applicable, so as to keep each period separate.

**201 Common stock issued.**

**202 Common stock subscribed (Major only).**

**203 Common stock liability for conversion (Major only).**

**204 Preferred stock issued.**

A. These accounts shall include the par value or the stated value of stock without par value if such stock has a stated value, and, if not, the cash value of the consideration received for such nonpar stock, of each class of capital stock actually issued, including the par or stated value of such capital stock in account 124, Other Investments and account 217, Reacquired Capital Stock.

B. When the actual cash value of the consideration received is more or less than the par or stated value of any stock having a par or stated value, the difference shall be credited or debited, as the case may be, to the premium or discount account for the particular class and series.

C. When capital stock is retired, these accounts shall be charged with the amount at which such stock is carried herein.

D. A separate ledger account, with a descriptive title, shall be maintained for each class and series of stock. The supporting records shall show the shares nominally issued, actually issued, and nominally outstanding.

NOTE: When a levy or assessment, except a call for payment on subscriptions, is made against holders of capital stock, the amount collected upon such levy or assessment shall be credited to account 207, Premium on Capital Stock (for Nonmajor companies; account 211, Miscellaneous Paid-In Capital); provided, however, that the credit shall be made to account 213,

Discount on Capital Stock, to the extent of any remaining balance of discount on the issue of stock.

**205 Preferred stock subscribed (Major only).**

A. These accounts shall include the amount of legally enforceable subscriptions to capital stock of the utility. They shall be credited with the par or stated value of the stock subscribed, exclusive of accrued dividends, if any. Concurrently, a debit shall be made to subscriptions to capital stock, included as a Other Accounts Receivable, for the agreed price and any discount or premium shall be debited or credited to the appropriate discount or premium account. When properly executed stock certificates have been issued representing the shares subscribed, separate subdivision of account 143, shall be debited, and the appropriate capital stock account credited, with the par or stated value of such stock.

B. The records shall be kept in such manner as to show the amount of subscriptions to each class and series of stock.

**206 Preferred stock liability for conversion (Major only).**

A. These accounts shall include the par value or stated value, as appropriate, of capital stock which the utility has agreed to exchange for outstanding securities of other companies in connection with the acquisition of properties of such companies under terms which allow the holders of the securities of the other companies to surrender such securities and receive in return therefore capital stock of the accounting utility.

B. When the securities of the other companies have been surrendered and capital stock issued in accordance with the terms of the exchange, these accounts shall be charged and accounts 201, Common Stock Issued, or 204, Preferred Stock Issued, as the case may be, shall be credited.

C. The records shall be kept so as to show separately the stocks of each class and series for which a conversion liability exists.

## **207 Premium on capital stock (Major only).**

A. This account shall include, in a separate subdivision for each class and series of stock, the excess of the actual cash value of the consideration received on original issues of capital stock over the par or stated value and accrued dividends of such stock, together with assessments against stockholders representing payments required in excess of par or stated values.

B. Premium on capital stock shall not be set off against expenses. Further, a premium received on an issue of a certain class or series of stock shall not be set off against expenses of another issue of the same class or series.

C. When capital stock which has been actually issued is retired, the amount in this account applicable to the shares retired shall be transferred to account 210, Gain on Resale or Cancellation of Reacquired Capital Stock.

## **208 Donations received from stockholders (Major only).**

This account shall include the balance of credits for donations received from stockholders consisting of capital stock of the utility, cancellation or reduction of debt of the utility, and the cash value of other assets received as a donation.

## **209 Reduction in par or stated value of capital stock (Major only).**

This account shall include the balance of credits arising from a reduction in the par or stated value of capital stock.

## **210 Gain on resale or cancellation of reacquired capital stock (Major only).**

This account shall include the balance of credits arising from the resale or cancellation of reacquired capital stock. (See account 217, Reacquired Capital Stock.)

## **211 Miscellaneous paid-in capital.**

This account shall include the balance of all other credits for paid-in capital which are not properly includible in the foregoing accounts. This account may include all commissions and expenses incurred in connection with the issuance of capital stock. (In the case of Nonmajor companies, this account shall be kept so as to show the source of the credits includible herein.)

### **ITEMS (NONMAJOR ONLY)**

1. Premium received on original issues of capital stock.
2. Donations received from stockholders or reduction of debt of the utility, and the cash value of other assets received as a donation.
3. Reduction in par or stated value of capital stock.
4. Gain on resale or cancellation of reacquired capital stock.

NOTE A (Major companies): Amounts included in capital surplus at the effective date of this system of accounts which cannot be classified as to the source thereof shall be included in this account.

NOTE B (Nonmajor companies): Premium on capital stock shall not be set off against expenses. Further, a premium received on issue of a certain class or series of stock shall not be set off against expense of another issue of the same class or series.

## **212 Installments received on capital stock.**

A. This account shall include in a separate subdivision for each class and series of capital stock the amount of installments received on capital stock on a partial or installment payment plan from subscribers who are not bound by legally enforceable subscription contracts.

B. As subscriptions are paid in full and certificates issued, this account shall be charged and the appropriate capital stock account credited with the par or stated value of such stock. Any discount or premium on an original issue shall be included in the appropriate discount or premium account.

## **213 Discount on capital stock.**

A. This account shall include in a separate subdivision for each class and series of capital stock all discount on the original issuance and sale of capital stock, including additional capital stock of a particular class or series as well as first issues.

B. When capital stock which has been actually issued is retired, the amount in this account applicable to the shares retired shall be written off to account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, provided, however, that the amount shall be charged to account 439, Adjustments to Retained Earnings, to the extent that it exceeds the balance in account 210.

## **214 Capital stock expense.**

A. This account shall include in a separate subdivision for each class and series of stock all commissions and expenses incurred in connection with the original issuance and sale of capital stock, including additional capital stock of a particular class or series as well as first issues. Expenses applicable to capital stock shall not be deducted from premium on capital stock.

B. When capital stock which has been actually issued by the utility is retired, the amount in this account applicable to the shares retired shall be written off to account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, provided, however, that the amount shall be charged to account 439, Adjustments to Retained Earnings, to the extent that it exceeds the balance in account 210.

NOTE A: Expenses in connection with the reacquisition or resale of the utility's capital stock shall not be included herein.

NOTE B: The utility may write off capital stock expense in whole or in part by charges to account 211, Miscellaneous Paid-In Capital.

### **215 Appropriated retained earnings.**

This account shall include the amount of earned surplus which has been appropriated or set aside for specific purposes. Separate subaccounts shall be maintained under such titles as will designate the purpose for which each appropriation was made.

### **216 Unappropriated retained earnings.**

This account shall include the balances, either debit or credit, of unappropriated retained earnings arising from earnings of the utility. This account shall not include any amounts representing the undistributed earnings of subsidiary companies.

#### **216.1 Unappropriated undistributed subsidiary earnings (Major only).**

This account shall include the balances, either debit or credit, of undistributed retained earnings of subsidiary companies since their acquisition. When dividends are received from subsidiary companies and the balances have been included in this account, this account shall be debited and account 216, Unappropriated Retained Earnings, credited.

### **217 Reacquired capital stock.**

A. This account shall include in a separate subdivision for each class and series of capital stock, the cost of capital stock actually issued by the utility and reacquired by it and not retired or canceled, except, however, stock which is held by trustees in sinking or other funds.

B. When reacquired capital stock is retired or canceled, the difference between its cost, including commissions and expenses paid in connection with the reacquisition, and its par or stated value plus any premium and less any discount and expenses applicable to the shares retired, shall be debited or credited, as appropriate, to account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, provided, however, that debits shall be charged to account 439, Adjustments to Retained Earnings, to the extent that they exceed the balance in account 210.

C. When reacquired capital stock is resold by the utility, the difference between the amount received on the resale of the stock, less expenses incurred in the resale, and the cost of the stock included in this account shall be accounted for as outlined in paragraph B.

NOTE A: See account 124, Other Investments, for permissive accounting treatment of stock reacquired under a definite plan for resale.

NOTE B: The accounting for reacquired stock shall be as prescribed herein unless otherwise specifically required by statute.

### **218 Noncorporate proprietorship (Nonmajor only).**

This account shall include the investment in an unincorporated utility by the proprietor thereof, and shall be charged with all withdrawals from the business by its proprietor. At the end of each calendar year the net income for the year, as developed in the income account, shall be transferred to this account. (See optional accounting procedure provided in Note C, hereunder.)

NOTE A: Amounts payable to the proprietor as just and reasonable compensation for services performed shall not be charged to this account but to appropriate operating expense or other accounts.

NOTE B: When the utility is owned by a partnership, a separate account shall be kept to show the net equity of each member therein and the transactions affecting the interest of each such partner.

NOTE C: This account may be restricted to the amount considered by the proprietor to be the permanent investment in the business, subject to change only by additional investment by the proprietor or the withdrawal of portions thereof not representing net income. When this option is taken, the retained earnings accounts shall be maintained and entries thereto shall be made in accordance with the texts thereof.

### **221 Bonds.**

This account shall include in a separate subdivision for each class and series of bonds the face value of the actually issued and unmatured bonds which have not been retired or canceled; also the face value of such bonds issued by others the payment of which has been assumed by the utility.

### **222 Reacquired bonds (Major only).**

A. This account shall include the face value of bonds actually issued or assumed by the utility and reacquired by it and not retired, or canceled. The account for reacquired debt shall not include securities which are held by trustee in sinking or other funds.

B. When bonds are reacquired, the difference between face value, adjusted for unamortized discount, expenses or premium, and the amount paid upon reacquisition, shall be included in account 189, Unamortized Loss on Reacquired Debt, or account 257, Unamortized Gain on Reacquired Debt, as appropriate. (See General Instruction 17.)

### **223 Advances from associated companies.**

A. This account shall include the face value of notes payable to associated companies and the amount of open book accounts representing advances from associated companies. It

does not include notes and open accounts representing indebtedness subject to current settlement which are includible in account 233, Notes Payable to Associated Companies, or account 234, Accounts Payable to Associated Companies.

B. The records supporting the entries to this account shall be so kept that the utility can furnish complete information concerning each note and open account.

#### **224 Other long-term debt.**

A. This account shall include, until maturity, all long-term debt not otherwise provided for. This covers such items as receivers' certificates, real estate mortgages executed or assumed, assessments for public improvements, notes and unsecured certificates of indebtedness not owned by associated companies, receipts outstanding for long-term debt, and other obligations maturing more than one year from date of issue or assumption.

B. Separate accounts shall be maintained for each class of obligation, and records shall be maintained to show for each class all details as to date of obligation, date of maturity, interest dates and rates, security for the obligation, etc.

NOTE: Miscellaneous long-term debt reacquired shall be accounted for in accordance with the procedure set forth in account 222, Reacquired Bonds.

#### **225 Unamortized premium on long-term debt.**

A. This account shall include the excess of the cash value of consideration received over the face value upon the issuance or assumption of long-term debt securities.

B. Amounts recorded in this account shall be amortized over the life of each respective issue under a plan which will distribute the amount equitably over the life of the security. The amortization shall be on a monthly basis, with the amounts thereof to be credited to account 429, Amortization of Premium on Debt--Credit. (See General Instruction 17.)

## **226 Unamortized discount on long-term debt--Debit.**

A. This account shall include the excess of the face value of long-term debt securities over the cash value of consideration received therefore, related to the issue or assumption of all types and classes of debt.

B. Amounts recorded in this account shall be amortized over the life of the respective issues under a plan which will distribute the amount equitably over the life of the securities. The amortization shall be on a monthly basis, with the amounts thereof charged to account 428, Amortization of Debt Discount and Expense. (See General Instruction 17.)

### **Special Instructions for Current and Accrued Liabilities**

Current and accrued liabilities are those obligations which have either matured or which become due within one year from the date thereof; except, however, bonds, receivers' certificates and similar obligations which shall be classified as long-term debt until date of maturity; accrued taxes, such as income taxes, which shall be classified as accrued liabilities even though payable more than one year from date; compensation awards, which shall be classified as current liabilities regardless of date due; and minor amounts payable in installments which may be classified as current liabilities. If a liability is due more than one year from date of issuance or assumption by the utility, it shall be credited to a long-term debt account appropriate for the transaction, except, however, the current liabilities previously mentioned.

## **227 Obligations under capital leases--noncurrent.**

This account shall include the portion not due within one year, of the obligations recorded for the amounts applicable to leased property recorded as assets in account 101.1, Property under Capital Leases, or account 121, Nonutility property.

### **Special Instructions to Accounts 228.1 Through 228.4**

No amounts shall be credited to these accounts unless authorized by a regulatory authority or authorities to be collected in a utility's rate levels.

## **228.1 Accumulated provision for property insurance.**

A. This account shall include amounts reserved by the utility for losses through accident, fire, flood, or other hazards to its own property or property leased from others, not covered by insurance. The amounts charged to account 924, Property Insurance, or other appropriate accounts to cover such risks shall be credited to this account. A schedule of risks covered shall be maintained, giving a description of the property involved, the character of the risks covered and the rates used.

B. Charges shall be made to this account for losses covered, not to exceed the account balance. Details of these charges shall be maintained according to the year the casualty occurred which gave rise to the loss.

## **228.2 Accumulated provision for injuries and damages.**

A. This account shall be credited with amounts charged to account 925, Injuries and Damages, or other appropriate accounts, to meet the probable liability, not covered by insurance, for deaths or injuries to employees and others, and for damages to property neither owned nor held under lease by the utility.

B. When liability for any injury or damage is admitted by the utility either voluntarily or because of the decision of a court or other lawful authority, such as a workmens' compensation board, the admitted liability shall be charged to this account and credited to the appropriate current liability account. Details of these charges shall be maintained according to the year the casualty occurred which gave rise to the loss.

NOTE: Recoveries or reimbursements for losses charged to this account shall be credited hereto; the cost of repairs to property of others if provided for herein shall be charged to this account.

## **228.3 Accumulated provision for pensions and benefits.**

A. This account shall include provisions made by the utility and amounts contributed by employees for pensions, accident and death benefits, savings, relief, hospital and other provident purposes, where the funds are included in the assets of the utility either in general or in segregated fund accounts.

B. Amounts paid by the utility for the purposes for which this liability is established shall be charged hereto.

C. A separate account shall be kept for each kind of provision included herein.

NOTE: If employee pension or benefit plan funds are not included among the assets of the utility but are held by outside trustees, payments into such funds, or accruals therefore, shall not be included in this account.

## **228.4 Accumulated miscellaneous operating provisions.**

A. This account shall include all operating provisions which are not provided for elsewhere.

B. This account shall be maintained in such manner as to show the amount of each separate provision and the nature and amounts of the debits and credits thereto.

NOTE: This account includes only provisions as may be created for operating purposes and does not include any reservations of income the credits for which should be carried in account 215, Appropriated Retained Earnings.

## **229 Accumulated provision for rate refunds.**

A. This account shall be credited with amounts charged to Account 496, Provision for Rate Refunds, to provide for estimated refunds where the utility is collecting amounts in rates subject to refund.

B. When a refund of any amount recorded in this account is ordered by a regulatory authority, such amount shall be charged hereto and credited to Account 242, Miscellaneous Current and Accrued Liabilities.

C. Records supporting the entries to this account shall be kept so as to identify each amount recorded by the respective rate filing docket number.

**231 Notes payable.**

This account shall include the face value of all notes, drafts, acceptances, or other similar evidences of indebtedness, payable on demand or within a time not exceeding one year from date of issue, to other than associated companies.

**232 Accounts payable.**

This account shall include all amounts payable by the utility within one year, which are not provided for in other accounts.

**233 Notes payable to associated companies.**

**234 Accounts payable to associated companies.**

These accounts shall include amounts owing to associated companies on notes, drafts, acceptances, or other similar evidences of indebtedness, and open accounts payable on demand of not more than one year from date of issue or creation.

NOTE: Exclude from these accounts notes and accounts which are includible in account 223, Advances from Associated Companies.

**235 Customer deposits.**

This account shall include all amounts deposited with the utility by customers as security for the payment of bills.

### **236 Taxes accrued.**

A. This account shall be credited with the amount of taxes accrued during the accounting period, corresponding debits being made to the appropriate accounts for tax charges. Such credits may be based upon estimates, but from time to time during the year as the facts become known, the amount of the periodic credits shall be adjusted so as to include as nearly as can be determined in each year the taxes applicable thereto. Any amount representing a prepayment of taxes applicable to the period subsequent to the date of the balance sheet, shall be shown under account 165, Prepayments.

B. If accruals for taxes are found to be insufficient or excessive, correction therefore shall be made through current tax accruals.

C. Accruals for taxes shall be based upon the net amounts payable after credit for any discounts, and shall not include any amounts for interest on tax deficiencies or refunds. Interest received on refunds shall be credited to account 419, Interest and Dividend Income, and interest paid on deficiencies shall be charged to account 431, Other Interest Expense.

D. The records supporting the entries to this account shall be kept so as to show for each class of taxes, the amount accrued, the basis for the accrual, the accounts to which charged, and the amount of tax paid.

### **237 Interest accrued.**

This account shall include the amount of interest accrued but not matured on all liabilities of the utility not including, however, interest which is added to the principal of the debt on which incurred. Supporting records shall be maintained so as to show the amount of interest accrued on each obligation.

### **238 Dividends declared (Major only).**

This account shall include the amount of dividends which have been declared but not paid. Dividends shall be credited to this account when they become a liability.

### **239 Matured long-term debt (Major only).**

This account shall include the amount of long-term debt (including any obligation for premiums) matured and unpaid, without specific agreement for extension of the time of payment and bonds called for redemption but not presented.

**240 Matured interest (Major only).**

This account shall include the amount of matured interest on long-term debt or other obligations of the utility at the date of the balance sheet unless such interest is added to the principal of the debt on which incurred.

**241 Tax collections payable (Major only).**

This account shall include the amount of taxes collected by the utility through payroll deductions or otherwise pending transmittal of such taxes to the proper taxing authority.

NOTE: Do not include liability for taxes assessed directly against the utility which are accounted for as part of the utility's own tax expense.

**242 Miscellaneous current and accrued liabilities.**

This account shall include the amount of all other current and accrued liabilities not provided for elsewhere appropriately designated and supported so as to show the nature of each liability.

ITEMS (Nonmajor only)

1. Dividends declared but not paid.
2. Matured long-term debt.
3. Matured interest.
4. Taxes collected through payroll deductions or otherwise pending transmittal to the proper taxing authority.

**243 Obligations under capital leases--current.**

This account shall include the portion due within one year, of the obligations recorded for the amounts applicable to leased property recorded as assets in account 101.1, Property under Capital Leases, or account 121, Non-Utility Property.

**252 Customer advances for construction.**

This account shall include advances by customers for construction which are to be refunded either wholly or in part. When a customer is refunded the entire amount to which he is entitled, according to the agreement or rule under which the advance was made, the balance, if any, remaining in this account shall be credited to the respective plant account.

### **253 Other deferred credits.**

This account shall include gains on disposition of property deferred by authorization of the Commission, advance billings and receipts and other deferred credit items, not provided for elsewhere, including amounts which cannot be entirely cleared or disposed of until additional information has been received.

### **255 Accumulated deferred investment tax credits.**

A. This account shall be credited with all investment tax credits deferred by companies which have elected to follow deferral accounting, partial or full, rather than recognizing in the income statement the total benefits of the tax credit as realized. After such election, a company may not transfer amounts from this account, except as authorized herein and in accounts 411.4, Investment Tax Credit Adjustments, Utility Operations, 411.5, Investment Tax Credit Adjustments, Nonutility Operations, and 420, Investment Tax Credits, or with approval of the Commission.

B. Where the company's accounting provides that investment tax credits are to be passed on to customers, this account shall be debited and account 411.4 credited with a proportionate amount determined in relation to the average useful life of gas utility plant to which the tax credits relate to such lesser period of time as allowed by a regulatory agency having rate jurisdiction. If, however, the deferral procedure provides that investment tax credits are not to be passed on to customers the proportionate restorations to income shall be credited to account 420.

C. If any of the investment tax credits to be deferred are related to utility operations other than gas or to nonutility operations, appropriate subdivisions of this account shall be maintained. Contra entries affecting such subdivisions shall be appropriately recorded in accounts 413, Expenses of Gas Plant Leased to Others; or 414, Other Utility Operating Income.

D. Records shall be maintained identifying the properties related to the investment tax credits for each year, the weighted average service life of such properties, and any unused balance of such credits. Such records are not necessary unless the credits are deferred.

### **256 [Reserved]**

### **257 Unamortized gain on reacquired debt.**

This account shall include the amounts of discount realized upon reacquisition or redemption of long-term debt. The amounts in this account shall be amortized in accordance with General Instruction 17.

## **Special Instructions for Accumulated Deferred Income Taxes**

A. Before using the deferred tax accounts provided below refer to General Instruction 18, Comprehensive Interperiod Income Tax Allocation.

B. The text of these accounts are designed primarily to cover deferrals of Federal income taxes. However, they are also to be used when making deferrals of State and local income taxes. Natural gas companies which, in addition to a gas utility department, have another utility department, electric, water, etc., and nonutility property which have deferred taxes on income with respect thereto shall separately classify such deferrals in the accounts provided below so as to allow ready identification of items relating to each utility department and to Other Income and Deductions.

### **281 Accumulated deferred income taxes--Accelerated amortization property.**

A. This account shall include tax deferrals resulting from adoption of the principles of comprehensive interperiod tax allocation described in General Instruction 18 of this system of accounts that relate to property for which the utility has availed itself of the use of accelerated (5-year) amortization of (1) certified defense facilities as permitted by Section 168 of the Internal Revenue Code and (2) certified pollution control facilities as permitted by Section 169 of the Internal Revenue Code.

B. This account shall be credited and accounts 410.1, Provision for Deferred Income Taxes, Utility Operating Income, or 410.2, Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with tax effects related to property described in paragraph A above where taxable income is lower than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

C. This account shall be debited and accounts 411.1, Provision for Deferred Income Taxes--Credit, Utility Operating Income, or 411.2, Provision for Deferred Income Taxes--Credit, Other Income and Deductions, as appropriate, shall be credited with tax effects related to property described in paragraph A above where taxable income is higher than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

D. The utility is restricted in its use of this account to the purposes set forth above. It shall not transfer the balance in this account or any portion thereof to retained earnings or make any use thereof except as provided in the text of this account without prior approval of the Commission. Upon the disposition by sale, exchange, transfer, abandonment or premature retirement of plant on which there is a related balance herein, this account shall be charged with an amount equal to the related income tax expense, if any, arising from such disposition and account 411.1, Provision for Deferred Income Taxes--Credit, Utility Operating Income, or 411.2, Provision for Deferred Income Taxes--Credit, Other Income and Deductions, as appropriate, shall be credited. When the remaining balance, after consideration of any related income tax

expense, is less than \$25,000, this account shall be charged and account 411.1 or 411.2, as appropriate, credited with such balance. If after consideration of any related income tax expense, there is a remaining amount of \$25,000 or more, the Commission shall authorize or direct how such amount shall be accounted for at the time approval for the disposition of accounting is granted. When plant is disposed of by transfer to a wholly owned subsidiary the related balance in this account shall also be transferred. When the disposition relates to retirement of an item or items under a group method of depreciation where there is no tax effect in the year of retirement, no entries are required in this account if it can be determined that the related balances would be necessary to be retained to offset future group item tax deficiencies.

## **282 Accumulated deferred income taxes--Other property.**

A. This account shall include the tax deferrals resulting from adoption of the principle of comprehensive interperiod income tax allocation described in General Instruction 18 of this system of accounts which are related to all property other than accelerated amortization property.

B. This account shall be credited and accounts 410.1, Provision for Deferred Income Taxes, Utility Operating Income, or 410.2, Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with tax effects related to property described in paragraph A above where taxable income is lower than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

C. This account shall be debited and accounts 411.1, Provision for Deferred Income Taxes--Credit, Utility Operating Income, or 411.2, Provision for Deferred Income Taxes--Credit, Other Income and Deductions, as appropriate, shall be credited with tax effects related to property described in paragraph A above where taxable income is higher than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

D. The utility is restricted in its use of this account to the purposes set forth above. It shall not transfer the balance in this account or any portion thereof to retained earnings or make any use thereof except as provided in the text of this account without prior approval of the Commission. Upon the disposition by sale, exchange, transfer, abandonment or premature retirement of plant on which there is a related balance herein, this account shall be charged with an amount equal to the related income tax expense, if any, arising from such disposition and account 411.1, Income Taxes Deferred in Prior Years--Credit, Utility Operating Income, or 411.2, Income Taxes Deferred in Prior Years--Credit, Other Income and Deductions, shall be credited. When the remaining balance, after consideration of any related tax expenses, is less than \$25,000, this account shall be charged and account 411.1 or 411.2, as appropriate, credited with such balance. If after consideration of any related income tax expense, there is a remaining amount of \$25,000 or more, the Commission shall authorize or direct how such amount shall be accounted for at the time approval for the disposition of accounting is granted. When plant is disposed of by transfer to a wholly owned subsidiary, the related balance in this account shall

also be transferred. When the disposition relates to retirement of an item or items under a group method of depreciation where there is no tax effect in the year of retirement, no entries are required in this account if it can be determined that the related balance would be necessary to be retained to offset future group item tax deficiencies.

### **283 Accumulated deferred income taxes--Other.**

A. This account shall include all credit tax deferrals resulting from the adoption of the principles of comprehensive interperiod income tax allocation described in General Instruction 18 of this system of accounts other than those deferrals which are includible in Accounts 281, Accumulated Deferred Income Taxes--Accelerated Amortization Property and 282, Accumulated Deferred Income Taxes--Other Property.

B. This account shall be credited and accounts 410.1 Provision for Deferred Income Taxes, Utility Operating Income, or 410.2, Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with tax effects related to items described in paragraph A above where taxable income is lower than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

C. This account shall be debited and accounts 411.1, Provision for Deferred Income Taxes--Credit, Utility Operating Income or 411.2, Provision for Deferred Income Taxes--Credit, Other Income and Deductions, as appropriate shall be credited with tax effects related to items described in paragraph A above where taxable income is higher than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

D. Records with respect to entries to this account, as described above, and the account balance, shall be so maintained as to show the factors of calculation with respect to each annual amount of the item or class of items.

E. The utility is restricted in its use of this account to the purposes set forth above. It shall not transfer the balance in the account or any portion thereof to retained earnings or to any other account or make any use thereof except as provided in the text of this account, without prior approval of the Commission. Upon the disposition by sale, exchange, transfer, abandonment or premature retirement of items on which there is a related balance herein, this account shall be charged with an amount equal to the related income tax effect, if any, arising from such disposition and account 411.1, Provision For Deferred Income Taxes--Credit, Utility Operating Income, or 411.2, Provision For Deferred Income Taxes--Credit, Other Income and Deductions, as appropriate, shall be credited. When the remaining balance, after consideration of any related tax expenses, is less than \$25,000, this account shall be charged and account 411.1 or 411.2, as appropriate, credited with such balance. If after consideration of any related income tax expense, there is a remaining amount of \$25,000 or more, the Commission shall authorize or direct how such amount shall be accounted for at the time approval for the disposition of accounting is granted. When plant is disposed of by transfer to a wholly owned subsidiary, the related balance in this account shall also be transferred. When the disposition relates to retirement of an item or

items under a group method of depreciation where there is no tax effect in the year of retirement, no entries are required in this account if it can be determined that the related balance would be necessary to be retained to offset future group item tax deficiencies.